- Systems 'go' for The Entertainment Channel
- Canadian cable convention covers the bases
- Municipal officials voice legislative concerns
- Cable interests get piece of UPI sale

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Paul Bortz: Tracking the competition

PLUS

Business and finance: Knight-Ridder's cable quest

CableVision June 14, 1982. Volume 7, Number 40

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Canadian attention

Pay television prospects ended up grabbing most of the attention at last week's cable convention in Toronto. **Leading the week, pages 13-20.**

New owners for UPI

E.W. Scripps has sold its financially troubled news service to a group composed in part by cable and STV interests. Some view the sale as a temporary reprieve for UPI. **Leading the week, pages 13-20.**

International video view

International programmers converged on New York City last week for an outlook on the cable market potential. Despite future talks, sellers say they want cash in hand today. **Leading the week, pages 13-20.**

TEC—ladder approach

Arnold Huberman, The Entertainment Channel's senior vice president of programming, is using his "ladder" theory in selecting programs for the service. Simply put, the theory seeks the middle ground. **Page 25.**

Sporting slam

The Entertainment and Sports Programming Network has inked a multi-year pact to cablecast basketball games of the powerful Atlantic Coast Conference. **Page 28.**

TEC takeoff

"Differentiation" is believed the key to success and that is exactly the approach being employed by The Entertainment Channel. TEC executives say all systems are "go." **Page 36.**

Idea dies on vine

The *Better Homes and Gardens Idea Notebook*, which premiered last October, has been dropped from its USA Cable Network slot. The final cablecast will be June 30. **Page 61.**

Warner worries

Tough questions surfaced at Warner's annual stockholders' meeting last week. Steven Ross, chairman, defended his salary, stock concerns and worries about relying too much on the video game division. **Page 62.**

Chi-town slices

Chicago has completed its RFP and set an Aug. 31 deadline for 50 of the top MSOs in the country. Those bidders will be seeking a slice of the multi-franchise market area. **Page 75.**

Counter comments

Municipal officials have responded to S. 2445 and those responses are concerned largely with losing legislative jurisdiction over cable systems in their cities. **Page 79.**

Tug-of-rates

The Copyright Royalty Tribunal will begin hearings June 15. As expected, various factions have taken up the traditional battle lines. **Page 79.**

About the cover

Paul Bortz, a Denver-based economist, was photographed by *CableVision* photo editor Rob Stuehrk.

This week in CableVision Plus

Focusing on business and finance, *Plus* queried Paul Bortz, a Denver-based economist who has a knack for putting the issues in perspective. Bortz outlines the challenges ahead: the stamina of STV, the prospect of multi-channel MDS and the inflexible nature of cable. While the cable industry prepares to cope with the next wave of electronic competition, the publishing industry is catching up with the cable revolution. Senior editor Jeri Baker explored Knight-Ridder's bold moves—from the plunge into videotex to the weighty alliance with John Malone's Tele-Communications Inc. **Pages 37-60.**

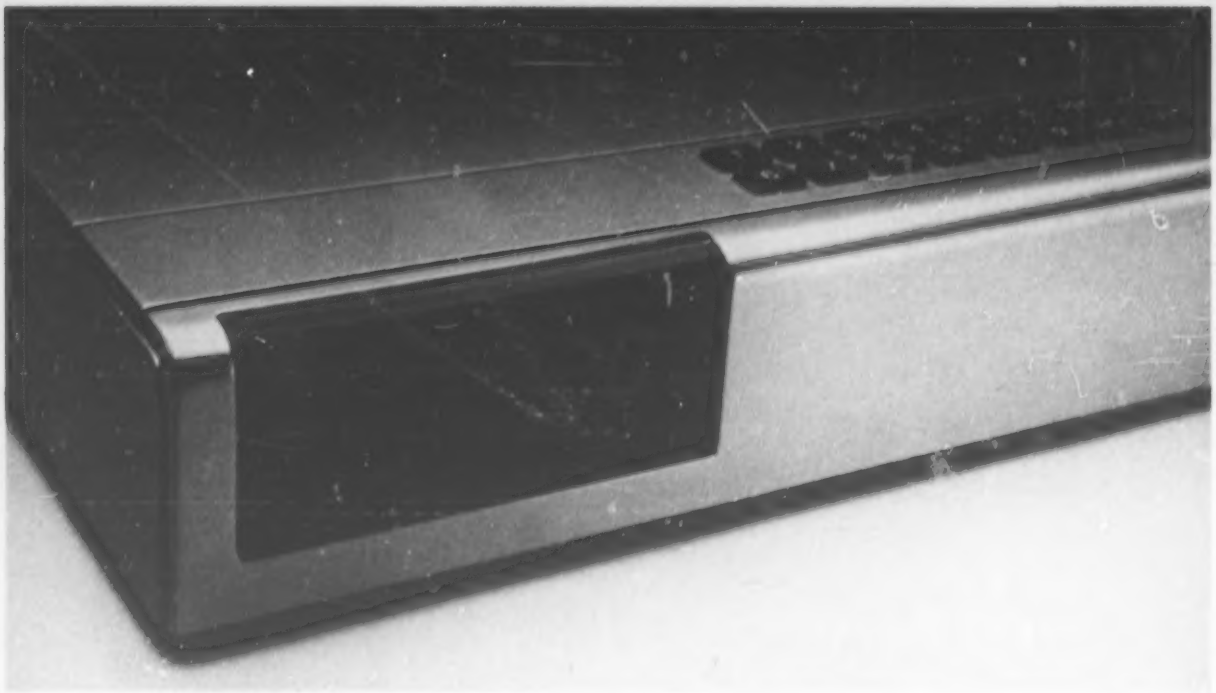
Inside Business & Finance

- Why the Prince of Print took a gamble on cable, p. 4
- Interview: A business economist tells why cable can't afford to be complacent, p. 14

CableVision

A weekly feature supplement

Vol. 1 No. 22



Scientific-Atlanta introduces the computer that thinks it's a set-top terminal

June 14, 1982

Genteel giant in a gambler's den

The nation's largest newsprint customer follows the 'publish or perish' dictum into cable and videotex

The board of Knight-Ridder Newspapers, Inc., was listening with every appearance of doubt to a day-long analysis of its cable opportunities in Sept. 1979.

A wave of dismissal seemed about to sweep the group. Suddenly, chairman James Knight, himself the source of the company's conservative image, dammed the ripple. "Damn it," he said to a board that starts its meetings with a prayer, "I think we should do it."

By Jeri Baker

Wall Streeters who leaven securities analysis with corporate psychoanalysis diagnose Miami-based Knight-Ridder Newspapers (KRN) as a case of split personality.

Number 3 in the trio of publicly-owned American newspaper publishers with annual revenues of more than $1 billion, the company was formed when the family-owned Knight Newspapers, 82 years old, and Ridder Publications, 71 years old, merged in 1974 in the industry's largest marriage. The aim was to gain a critical mass for a business that each had centered on large urban dailies. The result was an arch-conservative entity, still devoted entirely to newspaper publishing.

It was 1978 before KRN bought Poole Broadcasting and plunged into television, a decade or two behind similar diversifications by its peers.

On the other hand, a spate of ventures into electronic journalism has been more than prompt. Knight-Ridder's fastest growing subsidiary is Commodity News Services, Inc., a market news network that expanded last year from telephone and FM sideband delivery to Westar. Its *Pasadena Star News* is the first in the country to go to full pagination, a system that allows a single operator to create an entire newspaper page at a terminal. Its *Philadelphia Inquirer* has begun marketing its electronic library commercially as IN/FORM DATA SERVICES.

And it was the first newspaper publisher to experiment with videotex (the Viewtron trial) with AT&T in Coral Gables, Fla., in 1980-81. A commercial offspring—again a first—launches next year in Palm Beach, Dade and Broward counties.

That development was so enthusiastically embraced by KRN that Wall Street, which had long worried aloud about its reluctance to redeploy its surplus cash, now worried it was "putting its emphasis on the wrong syl-LA-ble," as Kidder Peabody analyst Joe Fuchs recalls it.

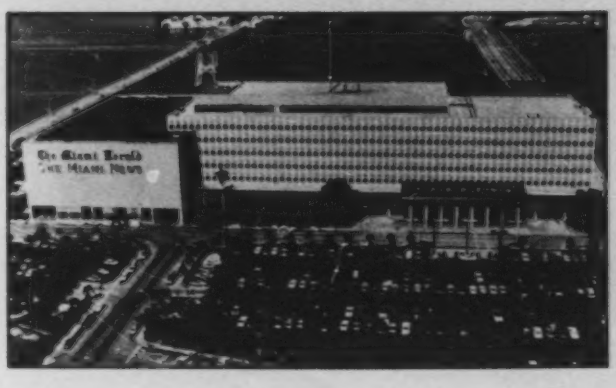
Institutional investors' hopes for KRN matched the ones other publishers had realized earlier: not videotex, but a cable move was what they wanted. The company had been promising it ever since the board fell in behind James Knight in 1979. But, in coming late, it found acquisition opportunities scant and its first courtships unsuccessful.

Operation Camelot

KRN figured it had $100 million to spend on its cable entry. And it wanted a proven management team to come with the deal. Its tack, it decided, would be to offer itself as an equity partner able to finance growth. Gradually, it would move to full control.

With a bow to the Knight name, broker A.G. Becker dubbed the project "Operation Camelot" and started the hunt for a damsel.

The glittering shoreline of Miami is home base for the newspaper conglomerate and its flagship paper, The Miami Herald. Knight-Ridder's far-flung enterprises are directed from corporate headquarters in the Miami Herald Building, below.



Financial highlights

Operating Revenue	**1981**	**1980**
		(in thousands)
Newspaper advertising	$897,446	809,107
Circulation	237,767	209,961
Broadcasting	38,526	28,478
Commodity news services	26,801	18,976
Other	36,553	32,015
Total	1,237,093	1,098,537

Earnings

Net income	100,353	92,858
As % of revenue	8.1	8.5
As % of shareholders' equity	14.8	15.5
Per share	3.09	2.87

United said no, Continental said no. And then, in the fall of 1980, Morgan Stanley made it known that UA-Columbia Cablevision (UACC) would be for sale. KRN's joust began.

The price tag was twice what the publisher wanted to spend. A proposed partnership with Rogers Cablesystems foundered when Ted Rogers insisted on 51 percent ownership instead of equal parts. Newhouse did agree to a 50-50 split into two companies, with the existing management to stay with the KRN side. But that alliance collided with UACC president Bob Rosencrans' team's refusal to go along with partition.

Meanwhile, the per-share cost of the purchase was escalating. KRN sweetened its offer once, this time in conjunction with Dow Jones, to $75 and then again to $80. But in mid-1981, when Rogers and UA Theatre

Knight Ridder At A Glance

• Cable Television Operations

TKR Cable Co*

Acquisitions pending or completed from Cross Country Cable, TCI and, through TCI, Cable Information Systems, totaling some 80-100,000 subscribers in New York and New Jersey.

50-50 partner with Times Mirror Cable in T-M's existing Long Beach, CA, system. Awaiting approval of amended franchise, which will add 153,000 homes.

50-50 partner with Telecable Corp. in bid for Tampa, FL, with 112,000 homes. Response to RFP due in June.

• Daily Newspapers

Aberdeen American News
Akron Beacon Journal
Boca Raton News
Boulder Daily Camera
Bradenton Herald
Charlotte Observer
Charlotte News
Columbus Ledger
Columbus Enquirer
Detroit Free Press
Duluth News Tribune
Duluth Herald
Fort Wayne News Sentinel
Gary Post-Tribune
Grand Forks Herald
Journal of Commerce
Lexington Herald
Lexington Leader
Long Beach Press-Telegram
Macon Telegraph
Macon News
Miami Herald
Pasadena Star-News
Philadelphia Inquirer
Philadelphia Daily News
St. Paul Pioneer Press
St. Paul Dispatch
San Jose Mercury
San Jose News
State College (Pa.) Centre Daily Times
Tallahassee Democrat
Wichita Eagle-Beacon

• Television Stations

	Market Rank
WJKT-TV, Flint, Mich. (ABC)	53
WPRI-TV, Providence, R.I. (NBC)	38
WTEN, Albany, N.Y. (ABC)	50
WTKR—TV, Norfolk, Va. (CBS)	46

• Other Operations

Commodity News Service
HPBooks
Knight-Ridder Newspaper Sales
KNT News Services
Observer Transportation Company
Portage Newspaper Supply Company
Viewdata Corporation of America

• Suburban Newspapers

California
Anaheim Independent
Arcadia Tribune
Buena Park News
Duartean (Duarte)
Huntington Beach Independent
La Mirada Lamplighter
Monrovia News-Post
Orange County News
Temple City Times

Florida
Florida Keys Keynoter

Georgia
Milledgeville Union Recorder

Partially-owned
Dublin Newsprint Mill**
Seattle Times***
Walla Walla Union-Bulletin***

* Formed in January, 1982 and jointly owned with Tele-Communications, Inc.
** Knight-Ridder owns one-third of the company in equal partnership with Media General, Inc. and Cox Enterprises, Inc.
*** Knight-Ridder owns 49.5% of the voting common stock and 69% of the non-voting common stock.

Circuits, a minority owner of the MSO, came up with $90, or $947 per subscriber, KRN abandoned the field.

Six months later, it was back, this time with Denver-based Tele-Communications Inc. in a 50-50 joint venture to acquire, develop and operate systems as TKR Cable Co. TCI's contribution, says Bob Singleton, senior vice president, finance, is in evaluating acquisition opportunities and buying programming. Knight-Ridder's is its credit rating and its deep pockets. "TCI hadn't the cash resources we did," he said.

KRN has secured $100 million in revolving credit for TKR—"which we can increase with a couple of phone calls," noted Singleton. In effect, KRN lends to TCI to invest in TKR, with the borrowing done at KRN's rates. KRN's higher contribution to the venture "costs us nothing," Singleton said. "TKR would have borrowed anyway. The note is just payable to us instead of Chase Manhattan."

The quid pro quo: All the TKR systems are considered part of the TCI buying group. Now the number one MSO, TCI has leverage that has been much in the news as it sews up discounted service fees for programming based on two million subscribers. "There's a lot of dough associated with that," as Singleton put it. The savings are said to be as much as $1 per subscriber per month.

Empire Building

In addition, KRN gets training in cable dealmaking "at the feet of the master," according to one analyst of the alliance who admires TCI president John Malone's acquisition prowess. It was apparently Malone's desire for the unaffordable Cross Country systems that brought the two companies together.

In February 1982, KRN revealed that TKR's first order of business was to purchase 42,000 Cross Country subscribers in three northern New Jersey counties representing 102,000 franchised homes. The price: over $43 million, a per sub cost second only to the sale by Irving Kahn of his Audubon, N.J. systems to the New York Times Co.

TCI already owns systems in Elizabeth and Long Island Beach near Cross Country's Bound Brook and Sayreville headends and is in the process of concluding its own purchase of Cable Information Systems' New York properties to amass a contiguous group of some 45,000 subscribers. The second phase for TKR is to buy five of those systems from TCI, thus nearing its year-end target of a 100,000 subscriber cluster. The total value of the acquisitions done and pending is $89 million.

By taking TCI's hand, KRN reduced its immediate outlay to about one-third what the UA-Columbia deal would have cost it, according to Lynch, Jones & Ryan's Bruce Thorp, who analyzes newspapers for institutional investors. But some look askance at the decision, comparing TKR's new possessions to UACC's growth potential at the time it was on the market. In major installations in San Antonio, Westchester and northern New Jersey, UACC was less than one-third of the way to full build-out of more than 400,000 homes in the franchised area.

KRN and TCI defend the moves by pointing out that the Cross Country systems are new late '70s franchises, pass 79,000 of the total 102,000 homes, have the capacity for 35 channels and are currently providing, at 20-plus, "all the programming anyone could ask for," according to one TCI source.

The source went on to acknowledge that the systems TCI is acquiring from Cable Information Systems are "a

mixed bag" in terms of franchise calendars and channel capacity. (City authorities have not all been informed of these moves, he said, accounting for TCI's reluctance to detail each system.) Overall, there are about 100,000 homes in the franchise areas that will go to TKR. Homes passed so far are about 86,000, and subscribers number something over 38,000.

Other possibilities on TKR's table are said to range from individual systems, through groups, to a full MSO buy-out. "Sure, the UACC potential was a lot higher," concedes A.G. Becker's Tony Hoffman. "But TKR is buying at ten times cash flow now. When they turned away from UACC, the multiple had gone to 17. In good conscience, we couldn't recommend it."

Knight-Ridder Broadcasting chairman Al Gillen appears to waste no time on regrets. "That's life," he said of the $1000+/subscriber price. "A year's gone by. Cable's moving too fast for us to have expected prices to stand still."

Five-year plan

KRN chairman Alvah Chapman has said he expects TKR Cable to have gathered up 500,000 subscribers in five years. Singleton put their value at $500 million "at today's levels for state-of-the-art systems." Gillen projects a 10 percent contribution to KRN profits from cable by 1987. (That apparently anticipates a go-ahead on two other non-TKR ventures: KRN decided to join Times Mirror—KRN's predecessor in cable and its follower in videotex—in its Long Beach, Calif., system already underway. KRN also bid with Telecable for Tampa, Fla. The two 50-50 ventures are expected to add another 150,000 subscribers to KRN's universe.)

The company plans in five-year increments, so that perhaps explains why projections halt at 1987. But TCI is so frequently predicted to be preparing to sell well within that time that it prompts questions about KRN's longer-term ambitions.

Gillen, who claimed ignorance of any such TCI speculation, laughed aloud at the prospect of buying the billion-dollar MSO itself. "We'd love to consider it," he said, chuckling. "But would this company spend that kind of money? It's too big for us."

There is a clear dovetailing sometime in the future between TCI's plans, KRN's target growth in cable and its original intention to learn the business and then move to full control. The T in TKR might be erased as soon as the publisher decides in-house cable management skill is in hand.

At the projected half-million subs, KRN would land comfortably among the top MSOs, following other publishers who moved more quickly to 100 percent ownership of cable properties.

Even as half-owner, Knight-Ridder's entry rounds out a cable-owner quartet of publishers—Time, Newhouse, and Times Mirror—that alone has invested in systems representing about $3 billion of cable assets and 33 percent of cable subscribers. The *Wall Street Journal* reporter who recently quoted that statistic also added the unattributed judgment that it represents "practically a takeover of the cable industry."

Ad promise

Within the context of Knight-Ridder's decision to go into cable is, of course, the health of its main business.

At the April annual meeting that raised president and ceo Alvah Chapman to chairman, he told shareholders his satisfaction "above all (with) the untapped opportunity to expand the advertising potential" of KRN's new cable properties.

Barely one month after the TCI joint venture had been announced, Chapman and then-chairman Bernard Ridder were reporting to shareholders that the last quarter of 1981 had brought a 5.6 percent drop in advertising linage for the company's 33 newspapers compared to the year before. In the first quarter of this year, Chapman reported, linage was down again by 5.9 percent, with classified sinking almost 15 percent.

Newspaper advertising accounted for 73 percent of Knight-Ridder's consolidated revenue in 1981. It had managed an increase over 1980, but that was very much due to higher average rates. The Newspaper Advertising Bureau attributed 1981's apparently healthy increase in ad revenue throughout the industry largely to an 11.8 percent jump in average linage rates over the same period.

KRN profits have risen for six years in a row and were up 7.7 percent in 1981 over 1980. Though it had long telegraphed its expectation that earnings would decline in the first quarter of 1982 and rally in the second half, the news was painful when it came that $20,580,000 in 1980 had dipped faster than projected, to $15,138,000 in 1981. The trough will be longer, too, thanks to a recession more indomitable than planned. Chapman still expects earnings to rise again this year, but now he qualifies that statement with "barring a collapse of the economy."

About one third of the last quarter's earnings drop was attributed to expansion in Philadelphia, where KRN's *Inquirer* and *Daily News* are stepping in to fill the void left by the folding of the *Bulletin*. And Chapman adds that KRN is still growing faster than the newspaper industry in general because of its successful pursuit of part-run advertising and a new crop of ad clients.

But newspaper publishing overall, and Knight-Ridder as a major player is in a time of some turmoil.

As an industry, it has become more reliant on national and classified advertisers, while its third staple, retailers, has been siphoned off to television. But the first are historically cyclical, and the dry seasons they provoke were what drove newspaper companies into media diversification in the first place.

Bruce Thorp, of Lynch, Jones & Ryan, puts Knight-Ridder "in there with the pack" of publicly-owned companies face-to-face with the vulnerability of their ad resources. "As a group, they were all down in linage by 0.8 percent in the first quarter of this year versus last," he says. There is "some relief" among institutional investors, he adds, that "Knight-Ridder's in cable now."

"They've crossed the Rubicon and defined themselves as an information company," said Kidder Peabody's Joe Fuchs approvingly.

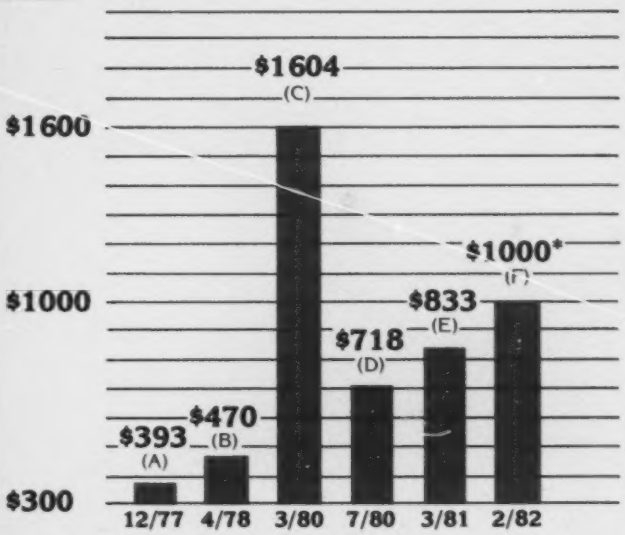
Viewtron: A hedge

It was Fuchs who had once called for a "mercy killing" of Viewtron, KRN's two-way, telco-delivered electronic home information service. What he termed "huckstering" by enthusiastic company executives had been widely misinterpreted to mean a major investment at risk. Management's enthusiasm is still high, but it has become extraordinarily candid about videotex unknowns and repeats at every opportunity that it has channeled only $18.5 million into the development in five years.

KRN's new president James Batten, former senior vice president for news and content development for Viewtron, gave a recent update that was an adept

Publishers' payments per cable subscriber

(including assumption of debt)

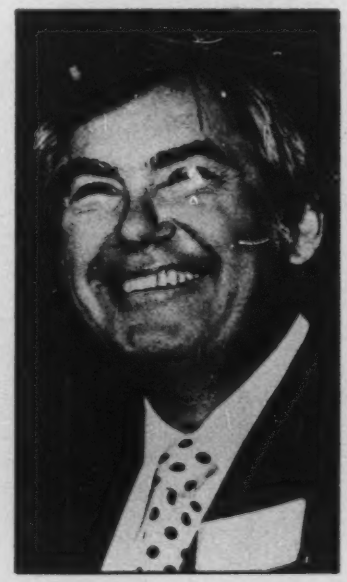


Source: Goldman Sachs, CableVision

A. Time Inc/ATC (100%)
B. Times Mirror/CPI (100%)
C. New York Times/Audubon Electronics and Cable Systems Inc. (100%)
D. Capital Cities Communications Inc./Cablecom General Inc. (100%)
E. Newhouse Communications Co./Vision Cable Communications Inc. (100%)
F. TKR Cable Co./Cross Country Cable systems in Monmouth, Somerset and Middlesex counties, New Jersey (50% Knight Ridder, 50% TCI)

'Cable's moving too fast for us to have expected prices to stand still. . .'

—Albert J. Gillen, KRN chairman



balance between optimism and pragmatism.

For several years, he noted, Knight-Ridder had had the experimental videotex field to itself. It tested Viewtron, free, before some 205 homes in Coral Gables for two years. It is essentially close-mouthed about the results, which will underwrite the commercial launch of the service next August. But, said Batten, "Depending on what phase of the test you're talking about, 85-93 percent of our users liked Viewtron and the overwhelming majority said they'd want to subscribe at what strikes us as substantial rates.

"We still have big pricing decisions to make, although they are coming into sharper focus now. The monthly subscription will be roughly in the $25 range, plus the cost of the terminal, so we're obviously talking about an upscale target group to begin with. (Telco charges for line usage are not included in his estimate.) We are comfortable with our projection of 5,000 subscriber homes by the end of the first year, or mid-1984."

Circling around to repeat KRN's minimal spending on Viewtron since its 1978 inception, Batten added, "About 70 percent (of the $18.5 million) will have been expensed over the years as we've gone along, with an after-tax cost of $6 million. The remainder of our spending will have gone for computers and related gear, and that's been capitalized.

"If we were to scrub the project, we would use that hardware elsewhere in Knight-Ridder or re-sell it so we would re-coup most of that money."

The 1983 launch of Viewtron in Palm Beach, Broward and Dade counties has 12 months to prove itself, Batten says. "If the news is good, we'll. . . expect to become profitable in south Florida in four-five years. If not, we'll fold the project. Either way, Viewtron will have no material impact on Knight-Ridder's earnings in 1984. . ."

If the news *is* good, KRN already has plans for other major city launches. It has agreements with the publisher of *The Boston Globe* and with Capital Cities, publisher of the *Kansas City Star/Times* and the *Fort Worth Star/Telegram*, to set up going ventures in Viewtron, giving majority ownership to the local papers.

Lessons and Lonely Hearts

Observers and strategists alike are agreed on the obvious: No one really knows how central a role information and transactional services will play in the everyday lives of consumers.

Says Goldman Sachs vice president Ellen Sachar, in a recent report titled "Reflections on the Future of the Daily Newspaper," "In today's dollars, unless one were a businessman (or woman) with a very clearly defined business use for the kind of information a Viewtron-like system could provide (i.e., thereby making Uncle Sam one's partner in this expenditure), why would one add such a high monthly outlay to an already strained monthly budget?"

There is at least one other person who banks on commanding need of quite another sort. Norman Morrison, KRN's research vice president and a Ph.D. engineer formerly with Bell Labs, knows firsthand about everyday dependence on Viewtron and the knowledge does not stem from his position as architect of the service.

It seems that in the months preceding the Coral Gables introduction, developers' hours were long and the pressures intense. Renewal of his driver's license was just one of those things Morrison let slide. And very late one night, as he slid too quickly past a stop sign just blocks

1981 revenues of the top 4 newspaper publishers

Times Mirror	$2.1 billion
Gannett	$1.4 billion
Knight-Ridder	$1.2 billion
New York Times	$843 million

The chairman told shareholders of his satisfaction 'above all (with) the untapped opportunity to expand the advertising potential' of KRN's new cable properties.

Alvah H. Chapman, chairman
Knight-Ridder Newspapers Inc.

from his house, he was pulled over by a local policeman. Successfully arguing his way out of retribution, Morrison promised he'd be at the Motor Vehicles Department in the morning.

In the handful of wee hours before the division opened, he sat before his Viewtron screen and called up the Florida driver's test.

That section of the Viewtron promo reel played pointedly all during a recent luncheon held by KRN for financial analysts.

Morrison did share some of the findings gleaned in Coral Gables: Being able to study for college entrance exams was deemed valuable. People flocked to what the company called "graffiti"—messages that ranged from golf dates to dates of other sorts, the latter turning into a kind of Miss Lonelyhearts service.

Shopping was said to be popular. But it is banking at home, in the eyes of the banks if not yet their customers, that is giving the spur to Viewtron's moneymakers—the transactional services on which it will take a one to four percent cut.

Nine banks, a savings and loan and several credit unions have signed letters of intent to be involved in the commercial venture. Southeast Bank in Miami will develop and operate a separate company connecting participating banks to Viewtron's central computer.

"The banks are pushing hard," says Morrison. "They figure it costs them $1 for every piece of paper they handle. They see the electronic medium as their salvation. If we weren't going forward in 1983, they'd leap into this kind of thing themselves."

The information and computer side of Viewtron is Knight-Ridder; the terminal and communications side from AT&T. "AT&T knows it's in a life and death struggle with cable," says Morrison.

What of KRN's own plans for a cable-videotex alliance down the road? Morrison says there has been no persuasive cost model to confirm the alleged savings through cable delivery. "If it's economical, we'll do it."

The obvious test beds, said Al Gillen later, are KRN's own cable systems, where channel capacity and plant sophistication permits. All TKR systems are to be interactive at some point, according to Bob Singleton. In addition, the Long Beach, Calif., system in which KRN seeks to join Times Mirror promised videotex in its original application. Both publishers are deeply engaged in home information service development, but there has been no mention of the obvious yoking such a joint system venture might herald.

It's clear Knight-Ridder hears the thunder of hooves behind it. By Alvah Chapman's count, at least 60 companies have made some sort of investment in information provision so far, and the number of tests underway doubled in the last year.

"We saw a fork in the road and we knew we had only one life to live," said Norm Morrison of the decision to go with full two-way videotex instead of simpler, cheaper one-way. The oddly romantic choice of words calls up the sense of grit and mission that has characterized KRN's activity in its newspaper domain. Whether chased into or pursuing a whole new information realm, KRN may be mending its split personality as it melds the strands of its traditional and innovative businesses.

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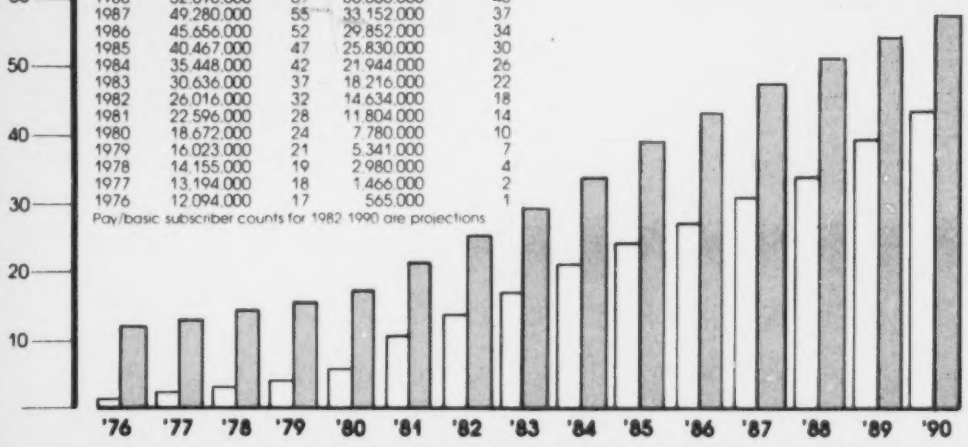
Pay/basic cable growth

Year	Basic Subscribers	% of TVHHs	Pay Subscribers	% of TVHHs
1990	58,900,000	62	43,700,000	46
1989	54,988,000	59	40,076,000	43
1988	52,098,000	57	36,560,000	40
1987	49,280,000	55	33,152,000	37
1986	45,656,000	52	29,852,000	34
1985	40,467,000	47	25,830,000	30
1984	35,448,000	42	21,944,000	26
1983	30,636,000	37	18,216,000	22
1982	26,016,000	32	14,634,000	18
1981	22,596,000	28	11,804,000	14
1980	18,672,000	24	7,780,000	10
1979	16,023,000	21	5,341,000	7
1978	14,155,000	19	2,980,000	4
1977	13,194,000	18	1,466,000	2
1976	12,094,000	17	565,000	1

Pay/basic subscriber counts for 1982-1990 are projections



Cable barometer

Television households (TVHH) ... 80,700,000

Homes passed by cable (HP) 42,000,976

Percent of TVHH passed by cable 52.05%

Basic cable subscribers 22,821,167

Percent of TVHH with basic cable . 28.28%

Percent of HP with basic cable . 54.34%

Pay cable subscribers 12,051,461

Percent of TVHH with pay cable .. 14.93%

Percent of HP with pay cable .. 28.69%

Percent of basic subs with pay cable 52.81%

Satellite-fed cable services' subscriber counts

Basic Services	Affiliates*	Subscribers*	% Change In Subs From 3/31
ACSN	217	1,431,271	+3
BET	845	9,100,000	N.C.
CBN	2,860	16,200,000	+3
CBS Cable	350	4,000,000	N.C.
CNN	2,255	13,040,000(5/12)	+9
CNN2	140	1,200,000(5/12)	+27
C-SPAN	1,000	11,000,000	N.C.
Daytime	343	5,170,510(5/15)	+19
ESPN	3,685	15,848,692	+3
Eternal Word Television Network	25	356,197(5/15)	+11
MSN	541	4,338,664(5/20)	+5
MTV	600	4,000,000	+38
National Christian Network	50	348,000	+8
National Jewish Television	90	1,896,800(5/15)	+3
Nickelodeon	1,725	7,700,000	+19
North American Newstime	117	894,193	N.C.
PTL	600	5,200,000	+2
SIN[1]	488	24,652,500(5/21)	+15
SPN[2]	460	4,591,505	+4
Trinity	170	1,587,000	N.C.
USA Network	1,800	11,000,000	+5
The Weather Channel[3]	353	4,500,000(5/21)	—
WGN	2,719	8,405,198	+3
WOR	1,327	4,911,148	+1
WTBS	4,144	21,190,000(5/12)	+4
Basic Audio Services			
Lifestyle	61	536,492	+10
WFMT	126	813,671	+9
Pay Services			
Bravo	28	59,589	+19
Cinemax	900	1,500,000	N.C.
EROS[4]	9	90,000(5/21)	—
Escapade/Playboy	137	232,332	+11
GalaVision	134	100,000	N.C.
HBO	3,600	9,000,000	+6
Home Theatre Network	275	155,000	N.C.
Home Theater Network Plus	N.A.	N.A.	N.A.
The Movie Channel	2,150	2,200,000	+21
Showtime	1,500	3,000,000(3/15)	+5

Announced Satellite-Fed Cable Services	Projected Launch Date
ABC/ESPN Pay Service	4th quarter 1982
American Satellite Network	T.B.A.
Apollo Satellite Television	10/82
The Buena Vista Channel	T.B.A.
Cable Health Network	6/82
Cable Newspaper Corporation	9/82
CableShop	1st quarter 1983
Christian Media Network (relaunch)	T.B.A.
Cinemerica	T.B.A.
The Disney Channel	2nd quarter 1983
Family Programming Network	T.B.A.
Heartbeat Media Network	3rd quarter 1982
Home Music Store (audio)	T.B.A.
The Job Channel	T.B.A.
Kidvid Network	9/82
Lewmark Productions Music Channel	T.B.A.
Magicable	3rd quarter 1984
Nashville Network	3/83
National Jazz Network (audio)	T.B.A.
PBS Cable	T.B.A.
Penthouse Entertainment Network	T.B.A.
RCTV/Entertainment Channel	6/82
Satellite News Channels (one)	6/82
Satellite News Channels (two)	1st quarter 1983
Sitcom Channel (Channeltainment)	1st quarter 1984
Spanish Universal Network	7/82
SPN/International network	2nd quarter 1984
SPN/Financial-religious network	2nd quarter 1984
SPN/Classic movie network	2nd quarter 1984
SPN/How-to network	2nd quarter 1984
Top Entertainment Network	T.B.A.
United Satellite Television Network (4 services)	1st quarter 1983
U.S. Catholic Conference Satellite Network	9/82
UTV Cable Network	1/83
Video Concert Hall (relaunch)	Fall 1982
Window	T.B.A.

* Affiliate and subscriber counts are as of April 30, 1982, unless otherwise noted.
[1]Total SIN reach. Estimated Spanish-speaking households (including broadcast stations and translators): 3,027,700.
[2]Subscriber count denotes households receiving signal.
[3]Launched May 2.
[4]Launched May 6.
N.C. designates no change.
N.A. designates not available.
T.B.A. designates to be announced.

Satellite line up

Satcom IIIR (RCA Americom)	**Transponder**
Warner Amex (Nickelodeon/ARTS)	1
PTL Television Network	2
United Video (WGN, WFMT, Lifestyle, Dow Jones, JISAL)	3
Times Mirror for Spotlight	4
Warner Amex (The Movie Channel)	5
Southern Satellite Systems (WTBS, Cabletext, North American Newstime)	6
ESPN	7
Christian Broadcasting Network	8
USA Network, BET	9
Showtime (west)	10
Warner Amex (MTV: Music Television)	11
Showtime (east)	12
HBO (west)	13
Cable News Network	14
Warner Amex owned (for CNN2)	15
Showtime, ACSN, National Jewish Television, HTN Plus	16
Showtime, (used by Eastern Microwave for WOR until Cable Health Network debut, 6/30/82)	17
Reuters, GalaVision (at night)	18
C-SPAN	19
HBO (Cinemax-east)	20
Landmark/Home Theater Network Plus	21
HBO/Modern Satellite Network, leased for Daytime	22
HBO (Cinemax-west)	23
HBO (east)	24

Satcom IV (RCA Americom)	**Transponder**
ESPN (Bravo)	6
National Christian Network (Escapade)	7
RCTV/The Entertainment Channel	8
Warner Amex	11
Showtime (subleased to Compact Video)	15
Trinity	17
HBO	18
American Network	19

Satcom V—Projected launch mid-1983
Satcom IR—Projected launch September 1983
Satcom IIR—Projected launch September 1983

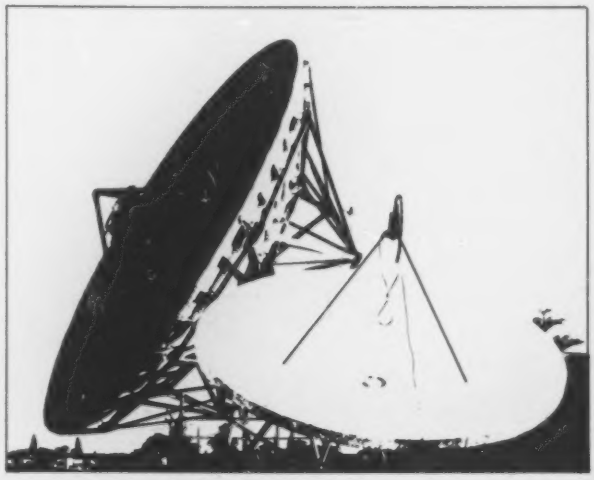
Westar IV (Western Union)	**Transponder**
CBS Cable	3D
SIN	3X
Wold Communications	5D
Wold Communications (Financial News Network, SelecTV)	5X
Wold Communications—pay service TBA	9X
Wold Communications (Eternal Word Television Network, EROS)	10D
SPN	11X
GalaVision	12X

Also, ABC TV, Bonneville, PBS, Hughes Television Network, American Satellite, Intelsat, and Equatorial will have transponders on Westar IV.

Westar V—Projected launch July 1982. Transponder holders: CBS Cable (2); Westinghouse for Satellite News Channels, The Disney Channel, Nashville Network (10); Eastern Microwave for WOR (1); Hughes Television Network (1); TCI (1); UTV Cable Network (1); Bet (1); Dow Jones (2); and Citicorp (2).

Galaxy I (Hughes Communications)—Projected launch May 1983, 24 transponders, 4/6 GHz Transponders reserved: Time Inc. (6), Westinghouse (4), Turner Broadcasting (2), Times Mirror (2), Viacom (2)
Galaxy II—Projected launch September 1983, 24 transponders, 4/6 GHz
Galaxy III—Launch date pending demonstration of market demand, 24 transponders, 4/6 GHz

Spacenet I (Southern Pacific Communications)—Projected launch February 1984, 18 transponders-4/6 GHz, 6 transponders-12/14 GHz. Transponders reserved: SSS (3) Pop Network (3) SIN (2), Landmark Communications (2), Bonneville International (3), Southern Baptist Convention (2), United Video (1), Midwest Radio & TV (1), Double-B Enterprises (1), Rainbow Communications (1) and NEC (1).
Spacenet II—Projected launch October 1984, 18 transponders-4/6 GHz, 6 transponders-12/14 GHz
Spacenet III—presently being built



Cable penetration in top 25 TV markets

Rank	Market	Cable Subscribers*
1.	New York City	1,349,907
2.	Los Angeles	624,728
3.	Chicago	175,751
4.	Philadelphia	693,157
5.	San Francisco	663,484
6.	Boston	288,091
7.	Detroit	175,275
8.	Washington, D.C.	79,425
9.	Cleveland	265,391
10.	Dallas/Fort Worth	116,496
11.	Pittsburgh	552,676
12.	Houston	192,176
13.	Minneapolis/St. Paul	44,945
14.	St. Louis	94,034
15.	Seattle/Tacoma	236,616
16.	Atlanta	208,150
17.	Miami	288,327
18.	Tampa/St. Petersburg	169,035
19.	Baltimore	69,682
20.	Denver	53,637
21.	Indianapolis	165,050
22.	Sacramento/Stockton	402,349
23.	San Diego	361,940
24.	Portland, OR	85,239
25.	Kansas City, MO	112,912

*Cable penetration in 50 mile radius of market city, subscriber totals from "CableFile/82."